

AML ADVISORY COMMITTEE
Minutes
Semi-Annual Meeting
April 16, 2003

A regular meeting of the AML Advisory Committee was called to order at the DMME Buchanan-Smith Building in Big Stone Gap, Virginia, at 1:00 p.m. pursuant to the notice sent to all committee members.

The following members were present: Bob Penn, Office of Surface Mining; Jerry Baird, Alpha Natural Resources; Phil Shelton, UVA College at Wise; Brian Gano and Glenn Graham, Natural Resources Conservation Service; Gerald Ramsey, Consolidation Coal Company; Benny Wampler and Roger Williams, Department of Mines, Minerals and Energy

Members absent: Eddie Hannah, Lonesome Pine Soil and Water; James Burger, Department of Forestry, and C. B. Slemph, Citizen

Jerry Baird, Chairman, presided and Roger Williams recorded the proceedings of the meeting. Donna McFaddin transcribed the minutes. Minutes of the September 4, 2002, meeting were reviewed and approved.

AML Reauthorization Extension

Benny Wampler provided an update on the extension process. DMME has been working through the Interstate Mining Compact Commission (IMCC) and National Association of Abandoned Mine Land Programs (NAAML) to take a proactive stance on the reauthorization. We wanted to take the lead and work with all states and tribes across the country to arrive at a consensus position. However, dealing with the East and West provides so many factors. Currently, 93 percent of AML problems are in the East. When the program first began until around 1985, about 75 percent of the income came from the East – at the present, it stands at 36 percent. Western states for the most part are certified states; they've already reclaimed everything to be reclaimed and are now building roads, schools, etc with the money. This puts pressure on Congress and the reauthorization process.

From an industry standpoint, the Western states are asking why they should be paying when their reclamation work is complete. Industry is concerned that states are spending on other than priority 1 & 2 work and they continue adding to the inventory. There's pressure to lock the inventory so nothing more can be added and also pressure from the standpoint of doing any priority 3 work (clean streams, water projects, etc.) which could arguably be considered some of the best work as far as reaching people. Those are some of the competing factors that we've been dealing with on this issue.

Roger and I have attended a number of national meetings and conference calls with up to 40 people working on these issues. We were able to arrive at a consensus position. One that would help Virginia and put us in a position to negotiate with OSM about having a joint position going into Congress and at the same time working with the Citizens Coal Council (CCC) and the National Mining Association (NMA). However, there is one stumbling block, the NMA and the people they represent want to see a fee reduction. It is my opinion that this will not get the support of the states or the Administration.

The committee discussed the different proposed extensions. The AML program is set to expire on September 30, 2004. States are recommending an extension of 12 years, while the CCC wants 25 years based on the inventory and some projected liabilities of the Combined Benefit Fund. The CCC wants to put a cap on the interest paid from the AML program to the Combined Benefit Fund. The biggest risk is that it narrows the possibilities of some clean up work that could be done. We have negotiated with RAMP and several others to deal with changing the program around where the money would be available to states but still cooperate and work with the Department of Agriculture. What we have been able to build through the NAAML and IMCC is a workable program that will not eliminate all Priority 1 & 2s in the country. It is our contention that what we have talked about and heard echoed from some of the other states is that we are actually getting more reclamation completed through active mining by promoting re-mining rather than what is being done through the Abandoned Mine Land Program.

One proposal supported by the Administration is to take the state share of monies off budget. In reviewing the appropriations to AML and the Title V Enforcement Program over the years, you'll find that what they are appropriating back is the income. In other words, fees are supporting both Title IV and V, which turns out to be

a zero sum gain as far as appropriating back what comes in. That will prove difficult to break away from because what that means within Interior, for example, is if they decide to come up with another \$200 million a year to give back to the states for AML work, then some other program in Interior will get cut \$200 million. A minimum balance has to be kept just to pay the interest on the United Mine Workers fund. Another proposal in the extension legislation takes the RAMP share balances and makes them part of the historic balance to increase grants to states.

Combined Benefit Fund

Roger Williams presented a status report on the AML Fund (breakdown located on the OSM web site). The unappropriated balance in the fund as of March 31, 2003, was a little over \$1.4 billion. Almost \$80 million in interest was transferred to the Combined Benefit Fund. The fund is receiving some big hits because the interest is coming off; otherwise, it would continue to grow. The state share of the money that is guaranteed back to the states has not been appropriated and over \$900 million is still being held. A little over \$158 million was the total state reclamation grant distribution for this year. The RAMP allocation balance, which has been zero funded, continues to grow and currently is about \$273 million. Comparisons of distributions for FY02 and FY03 show an overall reduction of 1.04 percent. Each state received a different cut. Virginia's allocation went down about 2.88 percent from the previous year. Some of the other states had over a 4 percent cut. From the 50 percent state guarantee, Virginia received a little over \$2 million. Federal share for Virginia, based on historic coal production, was a little over \$1.8 million. Total for the 2003 grant was \$5.3 million. The emergency program received around \$1.5 million. Virginia is using the 10 percent acid mine drainage set aside this year (about \$385,000 in partnership with the CORPS) for the Ely Creek Project.

Water Projects

DMME received \$1,156,766 for water projects. We selected three projects: Robins Chapel (Lee County) - \$500,000; Drill Mountain (Russell County) - \$500,000; Bear Creek Supplemental Well (Wise County) - \$156,000. Totals to date are \$14.5 million in financial assistance for 20 water projects serving over 3,200 homes in the counties of Buchanan, Dickenson, Lee, Russell, Tazewell, and Wise. This continues to be one of the biggest success stories in our program.

DMME continues to look for innovative ways to partner with others in the water business. A meeting has been scheduled in May 2003 with Cumberland Plateau and Lenowisco Planning Districts regarding our review and selection process of water project applications. With the explosion of major trunk lines throughout most of the counties, we are seeing that our review system is mainly based upon laying the main trunk lines. There may be a need to research extensions in mining impacted hollows. Our current rating system doesn't rate such projects very high. We are also looking at possibly enhancing some of the water sources because in some cases these big systems are out growing the water sources and there may be a need to look at trying to assist in the area of water supply enhancements. The review process has been moved up so that AML funding is early in the game. We are able to announce AML money early, thus, allowing the planning districts to take their letters of support and our money and leverage the money that they are able to get on these water projects. DMME funded 13 AML projects throughout the counties in this year's grant. We are currently looking at some AML enhancement projects to recover incidental coal.

Soccer

DMME has had discussions with the U.S. Soccer Foundation for several years and were never able to put together a final funding package. Finally, there was some good news from the Foundation as the result of interest from a lady soccer enthusiast in Buchanan County. With our assistance and guidance, this individual was successful in receiving a starter kit. The kit contains goals, balls, and field marking equipment. A soccer program for the Buchanan County Youth League will be established using the Buchanan County Park AML enhancement site.

OSM

Bob Penn advised that OSM has a new regional director, Mr. Brent Wahltuist. Mr. Wahltuist is very interested in maintaining good communications with the state agencies.

Bob and other members of the committee complimented Roger Williams and his staff on handling the large number of emergencies caused by an extremely rough winter. DMME's AML section handled 12 emergencies, 10 within the last 45 days.

Remining

A few years ago there was some controversy regarding a sliding scale for remining requirements in the area of water quality. This issue has been resolved. EPA recently developed more relaxed rules. From the standpoint of what will be encountered, a company going into a bad area will be able to get some credits while there. There are complicating factors such as TMDLs, etc. that protects the streams, plus the issue with the endangered species in the Clinch and Powell Rivers. There has been some relief that will allow incentives for returning to these areas for remining. Companies have responded well to these opportunities.

DMME's Division of Mineral Resources is attempting to map every coal seam that is currently being mined to identify past mining, particularly underground mining. The work will identify what has not been mined and includes coal seam elevations and thickness to encourage people to target those seams.

The AML Reauthorization issue is progressing on a fast track and on April 24th there's a Congressional hearing and, of course, OSM and states will be attending that hearing. Greg Conrad, IMCC, and others will represent Virginia.

Other Business

The next AML Advisory Committee meeting will be held in September 2003 during the Powell River Project meeting.

Meeting was adjourned.

Roger L. Williams,
DMME Abandoned Mine Land Services Manager